Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Message Text

CONFIDENTIAL

PAGE 01 CAIRO 00640 081212Z

51
ACTION EB-11

INFO OCT-01 NEA-11 ISO-00 COME-00 EA-11 TRSE-00 XMB-07

CIAE-00 INR-10 NSAE-00 RSC-01 DRC-01 /053 W
---------- 102216
R 081050Z FEB 74
FM USINT CAIRO
TO SECSTATE WASHDC 5276

C O N F I D E N T I A L CAIRO 640

E.O. 11652: GDS
TAGS: BEXP EG
SUBJECT: SUEZ CANAL WIDENING

1. JOHN E. LESCROART, PRESIDENT OF ATLANTIC, GULF AND PACIFIC CO (AGPC), HAS BRIEFED USINT ON HIS COMPANY'S EFFORTS TO OBTAIN A CONTRACT TO WIDEN AND DEEPEN SUEZ CANAL. AGPC WAS INVOLVED IN 1956-57 SUEZ CANAL CLEARING OPERATIONS.

2. AFTER TALKS WITH APPROPRIATE EGYPTIAN AUTHORITIES, LESCROART IS CONCERNED THAT AGPC FACES STIFF COMPETITION FROM THE JAPANESE. HE RECALLED THAT DURING COMPETITIVE BIDDING FOR SUCH PROJECT IN 1967, JAPANESE TENDER HAD BEEN 53 PERCENT LESS THAN THAT OF AGPC. HE WAS CONVINCED SUCH A LOW BID COULD ONLY BE POSSIBLE THROUGH JAPANESE GOVT SUBSIDIZATION. HE HAD NOT BEEN ABLE TO LEARN PRESENT JAPANESE BID, BUT HAD BEEN TOLD JAPANESE GOVT HAS OFFERED A FIRM COMMITMENT OF 140 MILLION DOLLAR LOAN FOR THE SUEZ CANAL DREDGING AND WIDEING OPERATION AND PLEGED AN ADDITIONAL 140 MILLION AS NEEDED. LOAN TERMS ARE CONCESSIONARY WITH AN INTEREST RATE OF TWO PERCENT OVER TWENTY-FIVE YEARS WITH A SEVEN-YEAR GRACE PERIOD. HE UNDERSTANDS JAPANESE OFFER IS CONTINGENT ON EGYPTIAN ACCEPTANCE OF A JAPANESE FIRM TO DO THE JOB.

3. LESCROART ASKED IF USG COULD PROVIDE ANY ASSISTANCE TO ENABLE AGPC TO COMPETE WITH SUCH CONCESSIONARY JAPANESE
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 CAIRO 00640 081212Z

TERMS. HE POINTED OUT THAT US DREDGING INDUSTRY IS IN

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

DIRE STRAITS AND SUEZ CANAL WOULD GIVE IT BADLY NEEDED
SHOT IN THE ARM. IF CONTRACT AWARDED TO AMERICANS, IT
COULD MEAN SEVEN YEARS OF ADDITIONAL WORK FOR US DREDGING
INDUSTRY. HE SAID HE HAD BEEN IN TOUCH WITH EXIM BANK
WITH INCONCLUSIVE RESULTS.

4. WE POINTED OUT TO LESCROART THAT, IN ABSENCE THE
LIFTING OF THE OIL EMBARGO, USG ASSISTANCE TO EGYPT
REMAINS EXTREMELY DIFFICULT. WE COULD ONLY SUGGEST THAT
HE CONTINUE HIS EFFORTS IN WASHINGTON TO SEE WHAT MIGHT
BE POSSIBLE. HE PLANS TO CALL ON ASSISTANT SECRETARY OF
STATE FOR ECONOMIC AFFAIRS TO DISCUSS MATTER FURTHER.
HE WILL ALSO PURSUE EFFORTS WITH EXIM BANK.

5. COMMENT: AGPC DID AN EXCELLENT JOB IN THE 1956
AND 1957 CLEARANCE OPERATION. APART FROM THE FACT
THAT AN AMERICAN COMPANY DOING THE JOB WOULD HAVE SOME
HELPFUL POLITICAL IMPACT LOCALLY, WE KNOW IT WOULD ALSO
HELP FALTERING US DREDGING INDUSTRY. WE WOULD HOPE THAT
SOME WAY MIGHT BE FOUND TO ASSIST LESCROART IN OBTAINING
NEEDED FINANCING OFFER TO MAKE AGPC BID COMPETITIVE. EILTS

CONFIDENTIAL

NNN

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 08 FEB 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974CAIRO00640
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: n/a
From: CAIRO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740247/aaaabrnf.tel
Line Count: 82
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 13 AUG 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <13-Aug-2002 by shawdg>; APPROVED <26 NOV 2002 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SUEZ CANAL WIDENING
TAGS: BEXP, EG
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005